



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE

PO BOX 325
TRENTON, NJ 08625-0325

Tel (609) 292-5360

JAMES E MCGREEVEY
Governor

HOLLY C. BAKKE
Commissioner

December 31, 2003

TO: Foreign Fire and Casualty Insurers

RE: Annual Statement Filing

Pursuant to N.J.S.A. 17:23-1, every insurer transacting business in this State shall file with this Department on or before **March 1** annually, a statement showing its financial condition as of and for the preceding year ending **December 31**. The annual statement must be in the NAIC-approved format and all the appropriate supplemental exhibits and schedules {and not excepted as an Electronic Filing} are due by the NAIC due dates. Each company is responsible for implementing any changes required by the NAIC. Although the insurer must purchase and provide its own NAIC annual statement blanks and supplemental forms for this purpose, the late filing **penalty** imposed by N.J.S.A. 17:23-2 shall be strictly enforced.

New Jersey State Business Page

The workers' compensation portion of the homeowners multiple peril premium must be reported on the New Jersey State Business Page, line 16 (workers' compensation), not on line 4 (homeowners multiple peril). This requirement pertains to any annual statement exhibit, schedule or supplement that distinguishes lines of business.

Pursuant to N.J.A.C. 11:3-28.9(a), for the purposes of completing the New Jersey State Business Page, the insurer shall include losses in excess of \$75,000 in the total amount of losses for private passenger automobile and commercial automobile personal injury protection payments (lines 19.1 and 19.3). Insurers shall also provide a footnote on Page 15 that indicates the amount of losses reported, excluding losses from payments of private passenger automobile and commercial automobile personal injury protection payments in excess of \$75,000.

Pursuant to the provisions of the FAIR Act (P.L. 1990, Chapter 8), certain lines of business are subject to a tax and/or assessment.

In order for the Department of Banking and Insurance to accurately calculate this assessment, consistency between the data filed with the NAIC and with New Jersey is absolutely necessary. It is imperative that a New Jersey State Business Page be filed with the NAIC; in addition, the New Jersey State Business Page filed with the NAIC and that filed with the State of New Jersey must be one and the same and must reflect all New Jersey reporting requirements

In order to properly define only those lines of business subject to such assessment, further descriptions of certain insurance coverages currently presented on the "Exhibit of Premiums and Losses," New Jersey State Business Page of the Annual Statement, are required of insurers.

Your cooperation in this matter will help to ensure that your company is subject to the correct tax assessment base.

Line 31: AGGREGATE WRITE-INS FOR OTHER LINES OF BUSINESS

Line 31 Write-Ins are often required for certain specific purposes. So that this information can be used correctly for the specific purpose intended, it is necessary for companies to include in the description the line of business from which the Line 31 Write-In was taken. For example, a write-in line for Excess Workers' Compensation Insurance which, were it not broken out, would have been included in Other Liability, would be shown as follows:

3101. Excess Workers' Compensation Insurance (Line 17.1)

Thus, any Line 31 Write-In should provide both a detailed description of the line of business as well as the line of business from which it was taken.

OTHER LINES - GUARANTY FUND ASSESSMENTS

For purposes of the New Jersey Property Liability Insurance Guaranty Association, the following lines shall be separately identified in the "Exhibit of Premiums and Losses" under the section pertaining to "Details of Write-ins Aggregated at Item 31 For Other Lines of Business." If the lines listed below are not separately listed, they may be subject to the assessment.

The lines to list separately, starting at line 3105 on the State Business Page, are as follows:

1. Mechanical Breakdown ("warranty" instruments only)
2. Political Risk
3. Residual Value
4. Collateral Protection - Consumer Lending, Personal Property, Auto Floorplan Inventory and Tractor and Equipment Floorplan
5. Hospital Deductible
6. Nuclear
7. Miscellaneous Surety
8. Private Passenger Death and Dismemberment

This category of lines is not necessarily all-inclusive. The criteria for including a line in the assessment base depends on whether the line is covered by the Property-Liability Insurance Guaranty Association per N.J.S.A. 17:30A-2b. Since policies written for these lines may be unique coverages, the actual policy forms, if not already evaluated, will be subject to review before actual determination of inclusion or exclusion from the assessment is finalized by the Department. An insurer's requirement to file any new policy form will be determined by the Department at a date subsequent to receipt of the current Annual Statements.

Schedule F

Pursuant to N.J.A.C. 11:3-28.9(b), for the purposes of completing Schedule F of the annual statement, insurers shall consider the assumption and reimbursement by the New Jersey Unsatisfied Claim and Judgment Fund (NJUCJF) of private passenger automobile and commercial automobile personal injury protection payments in excess of \$75,000 as a reinsurance transaction (the NAIC has assigned the NJUCJF the pool number of AA-9991160). Insurers shall consider assessments paid to the NJUCJF pursuant to N.J.S.A. 39:6-63, based on the insurer's premiums for private passenger automobile liability insurance (including PIP) and commercial automobile liability insurance (including PIP) as ceded premium, prorated for the appropriate line of business on which the assessment was based.

Until December 31, 1994, New Jersey required that all licensed companies recalculate their unauthorized reinsurance liability on a New Jersey basis. Effective January 1, 1995 only those companies that are not domiciled in a state accredited with the NAIC or a state having accredited reinsurer statutes substantially similar to those of New Jersey are required to recalculate their unauthorized reinsurance liability on a New Jersey basis.

Amendments

Occasionally, a company determines that changes must be made which will result in amended Annual Statement data (including the State Business Page). Based on the discussion above, it is imperative that any amended Annual Statement page or pages (including the New Jersey State Business Page) be filed with the NAIC and New Jersey on a timely basis to ensure that the database remains accurate and up-to-date.

Premium Taxes

A premium tax is imposed by N.J.S.A. 54:18A-1 et seq. on all direct premiums written on New Jersey business.

Premiums shall be reported annually on or before **March 1** on forms supplied by the Division of Taxation. With the singular exception of fire insurance premium taxes that are payable to the Firemen's Relief Association on local fire districts **all taxes are to be submitted to the Director of the Division of Taxation** and made payable to the **State Treasurer of New Jersey**.

The Firemen's Relief Association has identified all fire districts with an association code number. Therefore, effective January 1, 1998, insurers are no longer permitted to allocate fire insurance premium taxes to a 999 code for local fire districts not activated. All taxes must be allocated to a valid local fire district code. A current listing of the codes may be obtained from:

New Jersey Firemen's Relief Association
Attn: Barbara Coppola
50 Evergreen Place
East Orange, NJ 07108

(973) 677-9295

Examination Report

Unless previously filed, a copy of the report of any examination of the insurer during the year covered by the statement shall be filed concurrently with the statement.

Pre-acquisition notification

Pursuant to N.J.S.A. 17:27A-4.1 et seq. when an insurance company is acquired by another corporation, a pre-acquisition notification must be sent to the Commissioner enough in advance to comply with the thirty day waiting period. The notice should contain the information required by the NAIC model holding company law for a Form E filing.

Holly C. Bakke
Commissioner